



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA  
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BETTY T. YEE  
First District, San Francisco

SEN. GEORGE RUNNER (RET.)  
Second District, Lancaster

MICHELLE STEEL  
Third District, Orange County

JEROME E. HORTON  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

CYNTHIA BRIDGES  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING**  
**450 N Street, Room 121, Sacramento**  
**August 21-22, 2012**

**PRELIMINARY RECORD OF BOARD ACTIONS**

**Tuesday, August 21, 2012**

The following is a preliminary record of Board actions taken at the August 21-22, 2012 Sacramento Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Claudia Madrigal at 916-324-8261 or email: [Claudia.Madrigal@boe.ca.gov](mailto:Claudia.Madrigal@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

**Board Committee Meetings**– Please see Page 11, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

**Board Meeting**

A. Homeowner and Renter Property Tax Assistance Appeals Hearings  
There are no items for this matter.

**B. Corporate Franchise and Personal Income Tax Appeals Hearings**

B1. Bertha Gaffney Gorman, 594551

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## B2. Diane Green, 539627

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## B3. Eben Gossage, 546541

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B4. ~~Lane Brennan, 557609~~ — Waived AppearanceB5. ~~Ralph E. Sizemore, 572401~~**C. Sales and Use Tax Appeals Hearings**C1. ~~Capital City Restaurants, Inc., 522640 (KH)~~

C2. The Kelleher Corporation, 470475, 516087 (JH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

C3. ~~G & F Roof Supply, Inc., 444649 (AA)~~C4a. ~~Global Air Com, Inc., 488913 (GH)~~C4b. ~~Global Air Connection, LLC, 488785 (GH)~~C5. Mar Dwatmadja Sijangga and Roslin Octavia Basuki, 533973 (CH) –  
**Rescheduled to Wednesday, August 22, 2012**C6. ~~Scott Thomas Turner, 513953 (BH)~~

There are no items for the following matters:

- D. Special Taxes Appeals Hearings
- E. Property Tax Appeals Hearings

**F. Public Hearing****F1. Proposed Adoption of Amendments to Property Tax Rules 313, Hearing Procedure, and 321, Burden of Proof**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**G. Tax Program Nonappearance Matters – Consent****G1. Legal Appeals Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearings Notice Sent – No Response
  1. Larry K. English, 263341, 336691, 336692 (KH)
  2. The Shamrock Three, 489600 (JH)
  3. Pamela Lynn Luong, 534630 (FH)
- Petitions for Rehearing
  4. Frangi's Restaurant, Inc., 433581 (AS)
  5. Dansig, Inc., 493691 (EA)

**G2. Franchise and Income Tax Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations. No final determination on sub-items 2 and 11.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearings Notice Sent – No Response
  - 1a. Erik Hayes, 572579
  - 1b. Carol Grant, 573205
  - 1c. Eldo Klingenberg, 573235
  2. ~~Cornelis A. Van Diepen, 560406~~

## ➤ Decisions

3. William Everett, 570365
4. Fresno Mobile Radio, Inc., 560010
5. Konstantine Karavakis and Helen Karavakis, 573465
6. Mark Peterson and Sandra Peterson, 539585
7. Gregory W. Reid, 552110
8. Cesar O. Sosa, Sr. and Virginia J. Gaeblein Sosa, 549397
9. Lisa A. Taylor, 534405
10. Robert Wessels and Malgorzata Mazany, 550884

## ➤ Petitions for Rehearing

- ~~11. Tim Barth and Terri Barth, 562294~~
- 12a. Bonny Goselin, 550204
- 12b. Benjamin Killen, 554787
- 12c. Champion Wiseman, 523161
13. Michael John Klemp, 568733
14. John Lange, 559258

G3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.

## G4. Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-items 8, 9 and 10.

## ➤ Redeterminations

1. Alaa Ismail, 478056 (GH)
2. Michael L. O'Neal, 479458 (KH)
3. Respironics, Inc., 533209 (OH)
4. Computer Programs and Systems, Inc., 571009 (OH)
5. Eastside Entertainment, LLC, 566735 (AS)

## ➤ Relief of Penalty/Interest

6. La Curacao, 609752 (AS)

## ➤ Denials of Claims for Refund

7. Hertz Equipment Rental Corp., 519479 (OH)
8. Sacramento Valley LTD Partnership, 316928 (OH)
9. Contel Cellular California, Inc., 316916
10. Verizon Wireless (VAW), LLC, 597112 (OH)
11. Digital Payment Technologies Corp., 533204 (OH)

## G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-items 2 and 8.

## ➤ Credit and Cancellation

1. The Masonry Group CA, Inc., 610924

## ➤ Refunds

2. Target Corporation, 608641 (OH)
3. Fireside Bank, 595451 (CH)
4. Hertz Equipment Rental Corp., 519479 (OH)
5. KLA-Tencor Corporation, 491301 (GH)
6. Dino Pereira, 563371 (CH)
7. Schneider Electric USA, Inc., 533829 (OH)
8. Verizon Wireless (VAW), LLC, 597112 (OH)
9. Western Asset Management Company, 594628 (AP)
10. Video Security Specialists, Inc., 607040 (AC)
11. KC Employees Fed CU, 596073 (AR)
12. Harley-Davidson Credit Corp., 595460 (OH)
13. Xactware Solutions, Inc., 609507 (OH)
14. Spectrum Lithograph, Inc., 533196 (CH)
15. Digital Payment Technologies, Corp., 533204 (OH)
16. Conversant Healthcare Systems, Inc., 572972 (OH)
17. Genetic Chemistry, Inc., 593639 (GH)

There are no items for the following matters:

G6. Special Taxes Matters

G7. Special Taxes Matters – Credits, Cancellations, and Refunds

G8. Property Tax Matters

G9. Cigarette License Fee Matters

G10. Legal Appeals Property Tax Matters

**H. Tax Program Nonappearance Matters – Adjudicatory****H1. Legal Appeals Matters**

## ➤ Cases Heard - Not Decided

## 1. Guillermo Memo Estrada, 437729 (AR)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## 2. Malvinder Sonny Matharu, 515190 (MT)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

H2. Franchise and Income Tax Matters

H3. Homeowner and Renter Property Tax Assistance Matters

H4. Sales and Use Taxes Matters

H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

## ➤ Credit and Cancellation

## 1. Roberto Difranchesco, 352493 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

H6. Special Taxes Matters

H7. Special Taxes Matters – Credits, Cancellations, and Refunds

H8. Property Tax Matters

H9. Cigarette License Fee Matters

H10. Legal Appeals Property Tax Matters

**I. Tax Program Nonappearance Matters****I1. Property Taxes Matters**

There are no items for this matter.

**I2. Offer in Compromise Recommendations**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

1. Jim Lee Carlisle, Sr.
2. James Walter Elmer
3. Joanne Feldman
4. Fred Thomas Gates
5. Irma Herraiez and Jose Manuel Herraiez
6. Jennifer Ing
7. Kwang Hoon Lee
8. Cosmo Lombino, Jr.

**I3. Local Tax Reallocation Matters**

## ➤ Memorandum Opinion

1. ~~Cities of Agoura Hills, Alameda, Albany, Bakersfield, Belmont, Berkeley, Beverly Hills, Brisbane, Calabasas, Campbell, Carlsbad, Chula Vista, Clovis, Compton, Cupertino, Daly City, Davis, Delano, Del Mar, East Palo Alto, El Cajon, El Monte, Emeryville, Escondido, Fillmore, Foster City, Fremont, Fresno, Gardena, Gilroy, Half Moon Bay, Hawthorne, Hayward, Kerman, Kingsburg, Los Angeles, Menlo Park, Milpitas, Moreno Valley, Morgan Hill, Palmdale, Palo Alto, Pasadena, Rancho Cordova, Rancho Palos Verdes, Redwood City, Reedley, Ridgecrest, Rolling Hills Estates, Roseville, Sacramento, San Bruno, San Diego, Sanger, San Jose, San Leandro, San Mateo, Santa Clara, Santa Fe Springs, Saratoga, Selma, Shafter, South San Francisco, Torrance, Union City, Westlake Village, West Sacramento, Woodland, Town of Los Gatos, Counties of Los Angeles and Sacramento, and City and County of San Francisco, 469672~~

**Chief Counsel Matters**

There are no items for the following matters:

- J. Rulemaking
- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

**Administrative Session**

The following items are scheduled for Wednesday, August 22, 2012:

- N. Consent Agenda
- O. Adoption of Board Committee Reports and Approval of Committee Actions
- P. Other Administrative Matters

**Q. Closed Session**

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**450 N Street, Room 121, Sacramento**  
**August 21-22, 2012**

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**Wednesday, August 22, 2012**

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**Board Meeting**

**C. Sales and Use Tax Appeals Hearings**

C5. Mar Dwatmadja Sijangga and Roslin Octavia Basuki, 533973 (CH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's claim denied.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

C7. Northbay Wellness Group, 526954 (JH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C8. Buy Rite Auto Wholesale, 523718 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C9. Ron Cummings and Lenora Antoinette Cummings, 479484, 509237 (CH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**Administrative Session****N. Consent Agenda**

## N1. Retirement Resolutions

- Carolyn D. Lewis-Roussel
- Nattie Loaiza
- Daniel D. Minami
- Lilian M. Sibal
- Roberta Smith
- Neil Vincent, Jr.

## N2. Approval of Board Meeting Minutes

- April 24-26, 2012

N3. Approval of Revenue and Taxation Code Section 6355, *Coins and Bullion*, "Bulk" Sale Threshold

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## N4. Approval of Collection Cost Recovery Fee Calculation

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## O. Adoption of Board Committee Reports and Approval of Committee Actions

## O1. Customer Service and Administrative Efficiency Committee – June 26, 2012

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein. For details see: <a href="http://www.boe.ca.gov/meetings/custsrv/custsrv12.htm">http://www.boe.ca.gov/meetings/custsrv/custsrv12.htm</a>	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## O2. Business Taxes Committee – August 21, 2012

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein. For details see: <a href="http://www.boe.ca.gov/meetings/btc2012.htm">http://www.boe.ca.gov/meetings/btc2012.htm</a>	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## O3. Property Tax Committee – August 21, 2012

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein. For details see: <a href="http://www.boe.ca.gov/proptaxes/pctcwplan12.htm">http://www.boe.ca.gov/proptaxes/pctcwplan12.htm</a>	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## P. Other Administrative Matters

## P1. Executive Director's Report

1. Report on time extensions for Calaveras and San Benito counties to complete and submit 2012/13 Local Assessment Rolls, pursuant to Revenue and Taxation Code section 155.

2. Customer Service Improvements Initiative - Introduction, Discussion; Request for Approval
3. Progress update and actions on CROS project to replace BOE's two current tax legacy technology systems

There are no items for the following matters:

- P2. Chief Counsel Report
- P3. Sales and Use Tax Deputy Director's Report
- P4. Property and Special Taxes Deputy Director's Report
- P5. Administration Deputy Director's Report
  1. Headquarters Facilities Update
  2. 2012/13 Budget Update
  3. 2013/14 Budget Change Proposals
    - a. Accounts Receivable Growth

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved element #1 of staff recommendation.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes No Not participating Yes Yes
<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved element #2 of staff recommendation.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes No Yes Yes Yes
<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved element #3 of staff recommendation.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes

## b. Fuel Tax Swap Refund Workload

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## c. FI\$Cal Implementation Resources

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## d. Headquarters Facility Consolidation

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## e. Repair of 450 N Street Building Deficiencies – Placeholder

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

P6. Technology Deputy Director's Report

P7. External Affairs Deputy Director's Report